Resale Housing Market

Prices decline, sales improve in August…

Sales of existing homes in Alberta increased by 1.2% in August, following five consecutive months of declines. After a strong rebound in the first half of 2009, sales in the province have declined considerably in the last twelve months, reflecting easing demand conditions. On the supply side, the number of new listings declined for the fourth straight month in August, down 1.7%. As a result, the sales-to-new listings ratio rose slightly to 0.43. A ratio between 0.40 and 0.60 indicates balanced market conditions. Meanwhile, the average resale price of a house in Alberta decreased by 1.8% in August to $346,005, slightly higher (0.8%) than the average in August 2009.

In Calgary, sales rose for a second consecutive month in August, up 2.7%, while prices declined for the third straight month, down 2.9%. In Edmonton, sales remained flat in August, while prices increased for the second consecutive month, up slightly (0.2%) in August.

Manufacturing Shipments

Sales pick up in July…

The value of Alberta's manufacturing shipments increased by 1.0% in July to reach $4.8 billion (seasonally adjusted), following three consecutive months of declines. The increase was due to higher shipments of machinery (7.5%), fabricated metal products (4.4%) and petroleum and coal products (4.0%). After declining sharply during the recession, manufacturing sales in the province have made a decent recovery in the last 12 months, as the July 2010 level was 12.9% higher from a year earlier, when the recession low was reached. Nationally, the value of manufacturing shipments declined by 0.9% in July. Despite the decline, sales in July were 5.3% higher than a year earlier.

Canadian Dollar (US¢/C$)		
	September 17, 2010	96.80
	September 10, 2010	96.54
	2010-11 YTD	96.78
WTI Oil US$/bbl		
	September 16, 2010	$ 74.57
	September 9, 2010	$ 74.25
	2010-11 YTD	$ 77.23
Nymex Natural Gas C$/MMBtu*		
Near-month Contract		
	September 17, 2010	$4.14
	September 10, 2010	$ 4.02

*Estimate based on Nymex Futures Market Price

Motor Vehicle Sales

Sales increase for third consecutive month in July…

New motor vehicle sales in Alberta rose for a third consecutive month in July, up 1.2% to 17,324 units (seasonally adjusted). On a year-over-year basis, sales were 10.2% higher. Nationally, sales increased by 2.4% in July and were 6.5% higher than the July 2009 level.

Canadian Household Balance Sheet

Household net worth falls in the second quarter…

Household net worth declined by 0.6% in the second quarter of 2010, the first decrease since the first quarter of 2009. This was the result of weak asset growth, as the S&P/TSX index fell 6.2% in the quarter. Meanwhile, liability growth remained strong (6.9% y/y) as Canadian households took advantage of low interest/mortgage rates and attractive retail prices, resulting in higher debt accumulation. Various measures of indebtedness, such as debt-to-total assets and debt-to-net worth deteriorated during the quarter. With rising interest rates, household could feel the need to constrain spending in the future.

Canadian Labour Productivity

Productivity declines in the second quarter…

Labour productivity of Canadian businesses fell 0.8% (3.2% annualized) in the second quarter of 2010, as growth in hours worked exceeded real GDP growth. This decline was slightly worse than expectations and followed gains of 0.5% and 1.2% in the previous two quarters. Similarly, US labour productivity in the business sector also fell in the second quarter, down 1.8 percent (annualized) as growth in hours worked outpaced output growth.

Current Economic Indicators

	2008	2009	2010YTD*	Mar	Apr	May	June	July	August
Population									
Population[1] (000's) (level)	3,596	3,688	3,707	--	3,725	--	--	--	--
% change	2.4	2.6	2.1	--	1.6	--	--	--	--
Net Interprovincial Migraton[1] (level)	15,317	23,006	-6,832	--	312	--	--	--	--
Net International Migration[1] (level)	20,039	20,074	1,477	--	6,758	--	--	--	--
Net Non-permanent Residents[1] (level)	18,536	19,058	-4,332	--	48	--	--	--	--
Labour Market									
Employment (000's)	2,013	1,988	1,990	1,969	1,979	1,994	2,000	2,009	2,004
% change	2.8	-1.3	-0.1	-1.0	-0.4	0.3	0.6	1.1	1.1
Unemployment Rate (%)	3.6	6.6	6.8	7.5	7.4	6.6	6.7	6.3	6.5
Participation Rate (%)	74.7	74.3	73.3	73.2	73.4	73.2	73.3	73.1	73.0
Average Weekly Earnings ($)	923.21	950.13	987.40	993.04	993.17	985.03	1,003.53	--	--
% change	6.0	2.9	3.7	3.0	6.1	4.4	5.2	--	--
Price Indices									
Consumer Price Index	3.1	-0.1	1.2	1.0	1.6	1.1	0.6	1.5	--
Excluding food and energy	2.1	1.4	1.0	0.8	1.4	0.9	0.7	0.8	--
Non-Res. Const. Cost Index[2] (quarterly)	13.2	-9.8	-2.3	-5.0	--	--	0.6	--	--
Farm Product Price Index	11.5	-11.3*	--	--	--	--	--	--	--
Crops	26.7	-22.9*	--	--	--	--	--	--	--
Livestock	2.1	-0.8*	--	--	--	--	--	--	--
Household Sector									
Housing Starts (SAAR, 000's)	29.2	20.0	28.3	34.4	29.5	29.6	26.9	29.1	23.8
% change	-39.6	-31.6	77.2	168.8	128.7	107.0	32.5	50.0	15.0
New Housing Price Index	0.7	-9.0	0.1	-0.2	1.0	1.6	1.9	1.5	--
Edmonton	1.0	-11.2	-1.8	-2.4	-1.0	-0.1	0.6	0.2	--
Calgary	0.6	-6.7	2.0	2.0	2.9	3.1	3.2	2.7	--
MLS Average Resale Prices ($ 000's) NEW!	351.4	340.5	351.2	357.9	359.9	355.5	345.4	352.2	346.0
% change	-1.5	-3.1	5.4	10.3	7.7	7.1	4.0	3.1	-0.5
Edmonton	330.8	319.1	324.1	341.4	332.1	317.9	303.9	323.2	324.0
% change	-2.0	-3.5	4.0	11.0	8.7	4.4	2.1	1.5	2.6
Calgary	401.1	384.3	398.7	398.2	401.3	411.5	403.8	402.7	391.1
% change	-2.9	-4.2	5.7	9.0	6.4	9.2	5.8	5.5	-0.8
Retail Sales[3]	0.2	-8.3	4.9	11.2	5.3	2.1	3.8	--	--
New Motor Vehicle Sales NEW!	-7.3	-21.7	9.6	15.3	6.9	4.7	13.2	10.2	--
Consumer Bankruptcies	6,066	9,986	4291	776	744	672	778	--	--
% change	27.2	64.6	-15.2	-18.4	-11.2	-20.7	-23.8	--	--
Business Sector									
Rigs Drilling	236	128	188	219	62	56	118	199	222
% change	-2.1	-45.6	63.0	103.5	51.9	76.4	99.0	135.2	130.1
Goods Exports (customs based)	35.0	-36.3	17.9	17.0	24.1	47.0	17.7	8.7	--
Energy	43.2	-40.1	28.8	30.4	42.7	77.5	24.4	8.8	--
Agriculture	31.8	-10.2	-14.6	-9.3	-27.6	-5.0	-9.0	-3.4	--
Total Farm Cash Receipts (quarterly)	17.2	-8.1	-17.3	-17.3	--	--	--	--	--
Manufacturing Shipments NEW!	6.9	-23.7	7.2	6.3	10.4	13.1	11.5	12.9	--
Wholesale Trade[4]	8.7	-14.1	-1.5	-2.1	6.3	5.5	7.7	--	--
Building Permits	-16.5	-14.2	22.8	41.4	28.1	-11.8	32.5	10.1	--
Residential	-31.5	-11.8	74.0	91.3	64.6	90.9	53.0	19.3	--
Non-residential	3.7	-16.3	-14.9	2.0	0.0	-57.7	14.4	-3.0	--
Business Bankruptcies	447	405	200	48	37	35	23	--	--
% change	-0.4	-9.4	-2.4	54.8	54.2	2.9	-30.3	--	--

Government of Alberta ■
Finance and Enterprise

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* YTD – year-to-date represents the change since the beginning of the year compared to the same period in the previous year.

[1] Quarterly; annual numbers are presented on a census year basis (July 1 - June 30).

[2] Average of Calgary and Edmonton

[3] The Retail Sales series was revised on April 23, 2010 and is no longer comparable with numbers in previous Bulletins.

[4] The Wholesale Trade series was revised on April 21, 2010 and is no longer comparable with numbers in previous Bulletins.

Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (Office of the Superintendent of Bankruptcy Canada).

Current Economic Indicators by Province